

CALNEV PIPE LINE, L.L.C.
RULES AND REGULATION TARIFF

Governing the Transportation of

PETROLEUM PRODUCTS
(as defined herein)

BY PIPELINE

THIS TARIFF APPLIES TO INTERSTATE TRAFFIC ONLY

Carrier will accept and transport Petroleum Products offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff. To the extent that specific rules and regulations published in other tariffs conflict with this Rules and Regulations Tariff, such specific rules and regulations shall prevail.

NOTICE: The provisions published herein will, if effective, not result in an adverse effect on the quality of the human environment.

For explanation of reference marks, see concluding page of this tariff.

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10. Definitions and Abbreviations

10.1	“ <u>API</u> ” means American Petroleum Institute.
10.2	“ <u>ASTM</u> ” means American Society for Testing and Materials.
10.3	“ <u>Barrel</u> ” means 42 gallons, United States measured at 60 degrees Fahrenheit.
10.4	“ <u>Batch</u> ” means a quantity of Petroleum Products of like characteristics delivered by Shipper for transportation by Carrier as an identifiable unit.
10.5	“ <u>CA</u> ” means the State of California.
10.6	“ <u>Capacity</u> ” means the quantity of Petroleum Products the Pipeline Segment at issue is capable of transporting under the current operating conditions.
10.7	“ <u>Carrier</u> ” means Calnev Pipe Line, L.L.C.
10.8	“ <u>Consignee</u> ” means the party designated by Shipper to receive a Batch of Petroleum Products.
10.9	“ <u>Destination</u> ” means a point (i) named in a Local Tariff or (ii) agreed to between Shipper and Carrier pursuant to Item 190 of this tariff, at which point Carrier will deliver Petroleum Products to Shipper or its Consignee after transportation from an Origin.
10.10	“ <u>DRA</u> ” means drag reducing agent.
10.11	“ <u>Local Tariff</u> ” means that particular tariff containing specific rates, rules and regulations for Carrier’s movement.
10.12	“ <u>NV</u> ” means the State of Nevada.
10.13	“ <u>Origin</u> ” means a point (i) named in a Local Tariff or (ii) agreed to between Shipper and Carrier pursuant to Item 190 of this tariff, at which point Carrier will accept Petroleum Products for transportation.
10.14	“ <u>Petroleum Products</u> ” means those products as further described in Item 20.
10.15	“ <u>Pipeline Segment</u> ” means a section of the System, the limits of which are defined by two geographically identifiable points, that, because of the way that section of the System is designed and operated, must be treated as a unit for purposes of determining Capacity.
10.16	“ <u>Pre Delivery Form</u> ” means the form that certifies Shipper or Consignee has adequate storage space available for receipt of designated Batch at Destination and Shipper or Consignee has made appropriate arrangements for safe receipt of the Petroleum Products.
10.17	“ <u>Shipper</u> ” means the party for whom transportation services are provided under the terms of this tariff.
10.18	“ <u>Supplier</u> ” means the party from whom Shipper obtains its Petroleum Products for delivery into the System.
10.19	“ <u>System</u> ” means all common carrier facilities of the Calnev pipeline system.
10.20	“ <u>Tender</u> ” means the nomination by Shipper to Carrier of a stated kind, quantity and grade of Petroleum Products for transportation from a specified Origin to a specified Destination or Destinations in accordance with the rules and regulations of this and other applicable tariffs.
10.21	“ <u>Transmix</u> ” means that mixture which occurs in normal pipeline operations between non-compatible Petroleum Products.

Item 20. Articles on Which Rates Apply

20.1 Except as may be noted in individual Local Tariffs, rates published in Local Tariffs apply to the following Petroleum Products:

Gasolines
Petroleum Distillate Fuel Oils

Item 30. Petroleum Products Specifications

- 30.1 Petroleum Products shall be accepted for transportation only when such Petroleum Products meet all required Federal, state and local regulations and Carrier's published Petroleum Product specifications established for all Shippers. Said specifications are published in Carrier's Pipeline Specification Manual.
- 30.2 A current copy of Carrier's Pipeline Specification Manual is located on Carrier's website using the following procedure:
- Access Website www.kindermorgan.com.
 - Select "Businesses/Customers".
 - Select "Product Pipelines".
 - Select "Pacific Operations".
 - Select "Calnev".
 - Select "Specification Manual".
- 30.3 Carrier may require Shipper to demonstrate that Petroleum Products offered for transportation meet required specifications as prescribed in Item 30.1 herein.
- 30.4 Shipper shall be responsible for all expenses incurred by Carrier resulting from Carrier's receipt of any Petroleum Products which do not comply with the requirements of Item 30.1.

Item 40. Minimum Batch and Delivery Requirements

- 40.1 The minimum quantity of any one Petroleum Product of quality and specifications described herein which will be accepted at one time at one Origin from one Shipper is specified in the Local Tariff covering the movement.
- 40.2 The minimum quantity of any one Petroleum Product of quality and specifications described herein which will be delivered at one time to any one Destination from one Shipper is specified in the Local Tariff covering the movement.

Item 50. Proration of Pipeline Capacity

- 50.1 When a quantity of Petroleum Products is Tendered by Shippers to Carrier which exceeds the Capacity of any Pipeline Segment from an Origin to a Destination, Petroleum Products Tendered by each Shipper for transportation from that Origin to that Destination will be transported in such quantities and at such times to the limit of Carrier's Capacity in a manner determined by Carrier to be equitable to all Shippers pursuant to Carrier's Proration Policy, dated July 1, 2002 ①.

Item 60. Origin and Destination Facilities

- 60.1 Carrier will provide only such facilities at Origin and Destination as it deems necessary for the operation of the System.
- 60.2 Shipments will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of (i) delivering the Petroleum Products at the Origin specified by Shipper, at pressures and pumping rates required by Carrier and (ii) receiving such Petroleum Products (including allocated transmix) at the Destination specified by Shipper, at pressures and pumping rates required by Carrier.

Item 70. Acceptance of Petroleum Products

70.1 Petroleum Products will be accepted for transportation:

At such time as Petroleum Products of compatible kind, quality and specification are being transported from the Origin specified in the Tender.

Only if any additives and inhibitors, including DRA, to be included in Shipper's Petroleum Products have been approved by Carrier.

Only when Petroleum Products are delivered by Shipper or Supplier (on behalf of Shipper) at the time specified by Carrier to meet Carrier's shipment schedule. If such Petroleum Products are not delivered by Shipper or Supplier (on behalf of Shipper) in time to meet said schedule, Carrier reserves the right to cancel, bypass or delay said shipment. Carrier reserves the right to require Petroleum Products to be available for shipment at Origin 24 hours prior to the time scheduled for shipment from Origin.

70.2 Carrier's acceptance and delivery of Petroleum Products to or from any facility provided by Shipper shall not evidence Carrier's approval of the adequacy of such facilities or the competency of Shipper's personnel; responsibility for such facilities and personnel shall be exclusively that of Shipper.

70.3 In the event Carrier has accepted Petroleum Products for transportation in reliance upon Shipper's representations as to acceptance at destination, and there is failure to promptly accept such Petroleum Products at destination, Carrier shall have the right to divert, reassign or make whatever arrangements for disposition of the Petroleum Products it deems appropriate to clear Carrier's pipeline facilities.

70.4 Failure of Shipper to comply with one or more of the above conditions may result in Carrier's refusal of Shipper's proffered delivery or Carrier's acceptance of no more than a reduced delivery by Shipper in an amount determined by Carrier to be equitable to all Shippers.

70.5 [N] Carrier shall have the right to reject any Petroleum Product offered for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind. Carrier may require of Shipper satisfactory evidence of Shipper's perfect and unencumbered title and/or satisfactory bond indemnifying Carrier against any and all loss.

Item 80. Transmix Handling

80.1 Carrier shall allocate Transmix to all Shippers that have shipped Petroleum Products on a Pipeline Segment in proportion to each Shipper's volume of all Petroleum Products transported in that Pipeline Segment.

80.2 Carrier will physically distribute Transmix to Shippers as it becomes available to assure that over time each Shipper receives its proportionate share.

80.3 Shipper will have sole responsibility for the disposition of its allocated transmix.

Item 90. Duty of Carrier.

90.1 [W] Carrier shall transport Petroleum Products with reasonable diligence, considering the quantity to be transported, the distance of transportation, safety of operations, applicable government regulations and other material factors. Carrier shall be under no obligation to deliver the identical Batch received.

90.2 Carrier reserves the right to maximize its operational efficiency and Capacity through fungible operations in which a reasonable substitution of the same quantity of Petroleum Products meeting the same specifications will be permitted.

Item 100. Tender of Petroleum Products

- 100.1 Any prospective Shipper desiring transportation of Petroleum Products under this tariff must comply with Carrier's Tendering and Scheduling Policy, dated July 1, 2002 ①. Otherwise, Carrier will be under no obligation to accept Petroleum Products for transportation.
- 100.2 [N] Carrier's System can operate 24 hours a day, 7 days a week. Shipper should have Petroleum Products available to ship at Origin and be prepared to receive at Destination according to Carrier's schedule as explained in Item 70.

Item 110. Determination of Volumes

- 110.1 Petroleum Products received for transportation at Origin and delivered at Destination shall be measured by Carrier's meter or in case of meter failure, by tank gauges with certified tank volume tables. Shipper may have representatives present during meter calibrations or tank gauging. Carrier shall have the privilege to witness gauging of tanks supplied by Shipper or Consignee when used for volume measurement.
- 110.2 Volumes measured at Origin and Destination will be corrected from observed temperatures to 60 degrees Fahrenheit by the use of factors derived from applicable ASTM-IP Table 6 "Reduction of Volumes to 60 degrees F against API Gravity at 60 degrees F".
- 110.3 Actual overages or shortages shall be settled each billing period. When Shipper receives a quantity at Destination greater than the quantity delivered by Shipper at Origin, Carrier will invoice Shipper for the overage. When Shipper receives a quantity at Destination less than the quantity delivered by Shipper at Origin, Carrier will credit Shipper for the shortage. Credit or collection for these overages and shortages will be based on the value as outlined in Carrier's Settlement Pricing Policy, dated July 1, 2002 [1].

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Item 120. Payment for Services Rendered

- 120.1 [W] Transportation charges will be invoiced at the rates published in the Local Tariff in effect on date of shipment from Origin. Terminal charges will be invoiced at the rates published in the Local Tariff in effect on the date of delivery at Destination. Charges will be based on the number of Barrels of Petroleum Products (including Transmix) actually delivered at Destination as determined in Item 110.
- 120.2 Shipper shall be responsible for payment of all tariff related charges applicable to the shipment within 20 days from date of billing.
- 120.3 Prior to becoming a Shipper, a prospective Shipper must submit to Carrier sufficient financial information to establish credit-worthiness. If, in the sole opinion of Carrier, Shipper is not credit-worthy or if Shipper's credit deteriorates, Carrier may require Shipper to prepay tariff related charges and/or supply a letter of credit from an appropriate financial institution in a form acceptable to Carrier.
- 120.4 If charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full, at a rate equal to 125% of the prime rate of interest as reported in the Wall Street Journal as of first of the month in which the charges are due or the maximum finance rate allowed by applicable law, whichever is less.
- 120.5 Carrier shall have a lien on all Petroleum Products accepted from Shipper under this tariff to secure the payment of all charges and obligations of Shipper and may refuse to deliver such Petroleum Products until all charges and obligations (including finance charges) have been paid. If charges remain unpaid 60 days after the due date stated on the invoice, Carrier may apply any open credits or collect such charges by selling Shipper's Petroleum Products at a public or private sale in a commercially reasonable manner. Out of the proceeds of said sale, Carrier may also pay itself for expenses of notice, advertising, and care and maintenance of the Petroleum Products.

Item 130. Claims, Suits, Time for Filing

- 130.1 As a condition precedent to recovery, claims for loss, damage or delay must be filed in writing with Carrier within nine months after the delivery of the Petroleum Products or in case of failure to make delivery, within nine months after a reasonable time for delivery has elapsed; and suit shall be instituted against Carrier only within two years and one day from the day when notice in writing is given to the claimant that Carrier has disallowed the claim or any part or parts thereof as specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier shall not be liable and such claims will not be paid.

Item 140. Tax Registration

- 140.1 Upon request of Carrier, Shippers and Consignees are required to provide proof of registration with, or tax exemption from, the appropriate federal, state or local authorities relating to the collection and payment of the fuel's excise tax or other similar taxes, levies or assessments. Failure of Shipper or Consignee to do so shall not relieve Shipper or Consignee from the obligation to pay any such tax, levy or assessment, or any fine or penalty associated therewith.

Item 150. Pipeline Additives

- 150.1 Carrier may inject corrosion inhibitor compound into the Petroleum Products to be transported and Shipper will accept delivery of shipments at Destination containing corrosion inhibitor compound.
- 150.2 Carrier may inject DRA into the Petroleum Products to be transported and Shipper will accept delivery of shipments at Destination containing DRA compound.
- 150.3 Shippers will be given 30 days notice stating any changes in additive to be injected (generic and trade name), the maximum quantity, the Petroleum Products into which it will be injected, and the date the injection shall begin.

Item 160. Liability of Carrier

- 160.1 Carrier shall not be liable for any loss, damage or delay to Petroleum Products of Shipper caused by an act of God, public enemy, quarantine, authority of law, strikes, riots, fire, floods or acts or defaults of Shipper or other Shippers, or for any other cause not due to the negligence of Carrier whether similar or dissimilar to the causes herein enumerated. If the loss or damage was incurred by a Batch or Batches that Carrier can identify, Shipper shall be responsible for such loss or damage in the same proportion as Shipper's volume of Petroleum Products in the identified Batch or Batches bears to the entire volume of Petroleum Products in such Batch or Batches. In such cases, if Carrier cannot identify the Batch or Batches that incurred the loss or damage, Shipper shall be responsible for such loss or damage in the same proportion as Shipper's volume of Petroleum Products accepted for transportation and actually in Carrier's custody bears to the entire volume of Petroleum Products of all Shippers in the affected portion of the System at the time of such loss or damage.
- 160.2 Carrier will not be liable for discoloration, contamination, or deterioration of Petroleum Products transported unless such discoloration, contamination, or deterioration is caused by the negligence of Carrier.
- 160.3 Carrier will not be liable for delays in transportation of Petroleum Products.
- 160.4 In any event, Carrier shall not be liable for any consequential or special damages sustained by Shipper.

Item 170. Pipeage Contracts Required

- 170.1 Separate agreements in association with pipeline connections or other related facilities ancillary to Carrier's pipeline in accord with this tariff may be required of any Shipper, proposed Shipper, Supplier or Consignee before any obligation to provide transportation shall arise.

Item 180. Reconsignment

- 180.1 Reconsignment, prior to delivery at Destination, may be made without charge, subject to Carrier's ability to accommodate the reconsignment operationally.

Item 190. Application of Rates from or to Intermediate Points

- 190.1 For shipments of Petroleum Products accepted for transportation from any Origin or to any Destination which is not named in any Local Tariffs, and which Origin or Destination is directly intermediate to any Origin or Destination from or to which a rate applying through such unnamed point is published in a Local Tariff, Carrier will apply, from or to such unnamed intermediate point, the rate published from or to the next more distant point published in the applicable Local Tariff, subject to 18 CFR § 341.10(a)(2).

Item 200. Use of Electronic Data Interchange

200.1 Carrier may utilize Electronic Data Interchange (“EDI”) for transmission/distribution to Shipper of System related documentation including, but not limited to, pipeline meter tickets and schedules. Carrier reserves the right to require Shipper to be capable of receiving such documentation via EDI systems. However, Carrier assumes no liability for errors, for delays in transmission or for interruption of services.

Item 220. Testing

220.1 Shipper shall be liable for any contamination or damage to other Petroleum Products being transported, or to the System in the event Shipper’s Petroleum Products include blending components (other than pure hydrocarbons) that have not been approved by Carrier, or such Petroleum Products are inconsistent with specifications stated in Supplier’s Quality Certification.

220.2 Carrier may, but shall not be required to, sample and/or test any Batch prior to acceptance or during receipt of Batch, and in the event of variance between Supplier’s Quality Certification and Carrier’s test, Carrier’s test shall prevail as to the specifications of Petroleum Product received.

Item 230. Connection to System

230.1 [W] Requests for connections to the System shall be made by formal written request to Carrier, to the address shown on the front page of this tariff. A connection shall only be made in accordance with Carrier’s Connection Policy, dated January 19, 2004 ①.

230.2 [N] A copy of Carrier’s Connection Policy is located on Carrier’s website using the following procedure:

- Access Website www.kindermorgan.com.
- Select “Businesses/Customers”.
- Select “Product Pipelines”.
- Select “Pacific Operations”.
- Select “Calnev”.
- Select “Policies”.
- Select “Connection Policy”.

Item 240. Pre Delivery Form

240.1 Shipper or Consignee is required to complete and furnish Carrier’s Pre Delivery Form, dated July 1, 2002 ①, to Carrier’s local operations at Destination at least one and one-half hours prior to scheduled time of delivery at Destination.

240.2 Shipper or Consignee may obtain a Pre Delivery Form from Carrier’s staff at Destination or from Carrier’s website using the following procedure:

- Access Website www.kindermorgan.com.
- Select “Businesses/Customers”.
- Select “Product Pipelines”.
- Select “Pacific Operations”.
- Select “Calnev”.
- [W] Select “Policies”.
- Select “Pre Delivery Form”.

Item 250. Legality of Shipments

250.1 Carrier reserves the right to reject any and all Petroleum Products offered for shipment when Shipper or Consignee fails or is unwilling or unable to comply with all applicable laws, rules, regulations or requirements of any governmental authorities pertaining to Petroleum Products or regulating shipments or deliveries thereof, or fails to demonstrate Shipper's conformance with the provisions of this tariff and the applicable Local Tariff.

Item 280. Demurrage and Demurrage Charges

280.1 Carrier owned tanks are Community working tanks and are not intended for storage over several pipeline cycles. If at any time the levels of existing inventories interfere with Carrier's ability to receive products into the terminal, then Carrier shall have the right to clear tankage for incoming deliveries by advising Customer to withdraw product within forty-eight (48) hours notice given by telephone, fax or writing.

280.2 Product, including transmix, not removed at the close of the forty-eight (48) hour period is subject to a daily demurrage charge of twenty-five [U] (\$0.25) cents per barrel, per day. Said demurrage charge shall continue until Customer's product has been removed from Carrier's tank(s).

Explanation of Reference Marks

<u>Reference Mark</u>	<u>Explanation</u>
[W]	Word Change Only
[U]	Unchanged Rate
[N]	New
①	<p>The following items may be obtained from Kinder Morgan Customer Service either by writing to the address shown on the front page of this tariff or by telephone (714) 560-4737, [W] (714) 560-4910 or (714) 560-4832:</p> <p><u>Proration Policy</u> <u>Connection Policy</u> <u>Tendering and Scheduling Policy</u> <u>Settlement Pricing Policy</u> [N] <u>Connection Policy</u> <u>Pre Delivery Form</u></p>